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Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC 20554

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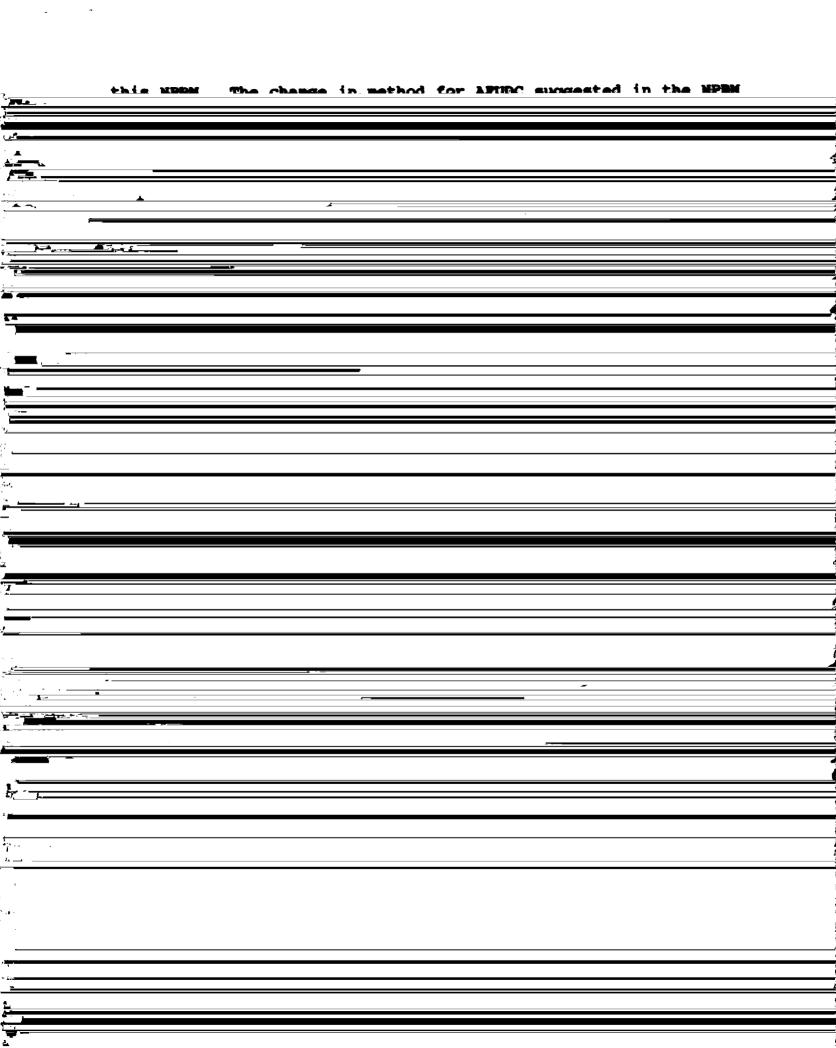
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)		/
The Accounting and Ratemaking Treatment for the Allowance for Funds Used During Construction (AFUDC))	CC DOCKET NO.	93-50

MISSOURI PURLIC SERVICE COMMISSION COMMENTS

The Missouri Public Service Commission (MoPSC) submits the following brief comments in response to the Federal Communications Commission's (FCC's) Notice of Proposed Rulemaking (NPRM) dated March 22, 1993, concerning its proposed adoption of the "Revenue Requirement Offset Method" for the accounting and ratemaking treatment for the allowance for funds used during construction (AFUDC).

The FCC recognizes three (3) generally accepted methods used for the treatment of providing compensation to investors for funds used for plant construction. The MoPSC has consistently used the "Capitalization method" for construction projects, both short-term



accounting treatment for utilities may lead to inappropriate regulated rates being set.

The NoPSC has based its current position of excluding both short and long-term TPUC from rate base on ratemaking considerations; i.e., what treatment will lead to the most equitable results regarding TPUC and AFUDC between current and future ratepayers? Presumably, the FCC's current treatment of including short-term TPUC in rate base while excluding long-term TPUC was based on ratemaking considerations. The ratemaking considerations supporting the FCC's proposed treatment of TPUC and AFUDC in the NPRM are notable only in their absence. For this reason, we believe that the FCC in its NPRM has failed to articulate substantive and convincing reasons for adopting its proposed treatment of AFUDC and rate base treatment of TPUC. This is particularly troublesome given that the FCC specifically decided not to implement the GAAP standard in Docket 84-4691 in 1985, when it last reviewed its AFUDC policy.

SUMMARY

The MoPSC submits the above comments in regard to the FCC's NPRM of March 22, 1993, which proposes the adoption of the "Revenue Requirement Offset Method" for the accounting and ratemaking treatment of formula and desired accounting and resemble to the FCC's NPRM of March 22, 1993, which proposes the adoption of the "Revenue Requirement Offset Method" for the accounting and retemaking

does not preempt the states regarding AFUDC treatment, the proposed change for interstate purposes is not a concern, in and of itself, for the NoPSC. However, we caution the FCC to avoid a wholesale adoption of GAAP principles as an appropriate basis for accounting and setting rates for regulated utility companies. The MoPSC

